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中國稀土控股有限公司

China Rare Earth Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 769)

VOLUNTARY ANNOUNCEMENT ENTERING INTO OF A TERM SHEET

The Board is pleased to announce that on 30 January 2019, Leeshing Rare Earth entered into the Term Sheet with RUS, pursuant to which the parties will enter into an offtake agreement for the sale of 500 tons of rare earth mixed oxides per annum by RUS to Leeshing Rare Earth.

This is a voluntary announcement made by China Rare Earth Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”).

The board (the “**Board**”) of directors (“**Directors**”) of the Company is pleased to announce that on 30 January 2019, 宜興新威利成稀土有限公司 (Yixing Xinwei Leeshing Rare Earth Company Limited*) (“**Leeshing Rare Earth**”), a non-wholly owned subsidiary of the Company, entered into a non-legally binding term sheet (the “**Term Sheet**”) with REE UNO SPA (“**RUS**”), a company incorporated under the laws of Chile. Pursuant to the Term Sheet, the parties will enter into an offtake agreement for the sale of 500 tons of rare earth mixed oxides per annum by RUS to Leeshing Rare Earth. Set out below are the principal terms of the Term Sheet.

THE TERM SHEET

Date: 30 January 2019

Parties: (1) Leeshing Rare Earth; and
(2) RUS.

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, RUS and its beneficial owners are independent third parties of the Company and its connected persons.

Principal terms

The parties to the Term Sheet will enter into an offtake agreement for the sale of 500 tons of rare earth mixed oxides per annum by RUS to Leeshing Rare Earth for a period of two years commencing from the date of first delivery of the product, which is estimated to be in 2021. The pricing formula, quantity and delivery schedule of the product shall be confirmed under the offtake agreement to be agreed by the parties to the Term Sheet.

To the best of the Directors' knowledge, information and belief, the rare earth mixed oxides to be supplied by RUS under the offtake agreement will be produced from a mine and processing facility located in Penco District, VIII Region in Chile.

Non legally-binding effect

The Term Sheet does not constitute a commitment or binding obligation on the parties. The proposed transaction under the Term Sheet will be subject to execution and completion of a binding agreement.

REASONS FOR AND BENEFITS OF THE PROPOSED TRANSACTION

As disclosed in the 2018 interim results announcement of the Company dated 28 August 2018, the Group will negotiate with overseas rare earth operators with the aim of opening more raw material supply channels, thereby enabling the Company to control costs and supply of raw materials more effectively. The Board considers that the proposed purchase of rare earth mixed oxides from RUS will open more raw materials supply channels in overseas and secure the supply of raw materials to the Group in future.

GENERAL

As the Term Sheet may or may not lead to the entering into any binding agreement(s), the abovementioned proposed transaction may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

On behalf of the Board
China Rare Earth Holdings Limited
Qian Yuanying
Chairman

Hong Kong, 1 February 2019

As at the date of this announcement, the Board of the Company consists of Ms. Qian Yuanying, Mr. Jiang Quanlong, Mr. Jiang Dawei and Mr. Jiang Cainan as executive Directors and Mr. Huang Chunhua, Mr. Jin Zhong and Mr. Wang Guozhen as independent non-executive Directors.

* For identification purpose only